

Roseanna Cunningham MSP  
Cabinet Secretary for the Environment, Climate Change and Land Reform  
The Scottish Government  
St. Andrew's House  
Edinburgh  
EH1 3DG

31 January 2019

Dear Roseanna,

**Deposit and Return Scheme (DRS)**

We were grateful for the recent opportunity to meet Scottish Government and Zero Waste Scotland (ZWS) officials for an update regarding the introduction of a DRS in Scotland. As you consider next steps, I thought it would be helpful to highlight some key points arising from that discussion.

We were concerned to hear about the ambitious timescale for implementation suggested by officials, particularly with relatively little information yet available regarding the economic impact of the scheme, the cost to individual businesses or how the scheme will work in practice. To move from the current level of preparation to having the final scheme up and running in just over two years, will make it very difficult for micro and small businesses to adapt and comply. Further, our work with smaller businesses suggests very low awareness about the likely introduction of a DRS.

We would argue that such a change would need a relatively long awareness-raising and preparation period. Ideally this would allow businesses to budget and forward-plan any additional costs. This stage cannot, of course, begin until final details about the scheme, including advice from support bodies on implementation and enforcement, are agreed.

More broadly we have highlighted the benefit of a single UK system, or a scheme which is compatible and does not conflict with schemes elsewhere in the UK. As you are aware the UK government has launched a waste strategy for England, which also commits to the introduction of a deposit and return scheme.

Whilst we're aware of the arguments regarding the economic benefits of a Scotland-only scheme, we do believe it would be practical to consider how the timescale and

design of a Scottish scheme can best integrate with plans elsewhere in the UK, delaying Scottish plans if necessary. This would give businesses more time to prepare and avoid multiple changes for those businesses operating in both Scotland and the rest of the UK.

Thinking about the detail of the scheme itself, we would reiterate our call for an exemption for the smallest businesses in both the retail and hospitality sectors. We have suggested a de-minimis exemption for premises under 200sq ft - as there appears to be consensus that it would be impractical for these firms to participate in the scheme on a mandatory basis. We do not believe that exempting the smallest firms from compulsory participation would fundamentally impact upon consumer behaviour or the success of the scheme. Similarly, while the details about impact for producers, such as labelling or container requirements, are not clear, we would also urge you to consider whether a similar exemption is required for the very smallest producers.

With Scottish business confidence at historically low levels and small retailers and hospitality firms on struggling high streets under pressure from increasing costs, we are understandably concerned about the risks of adding further costs to these firms. We have therefore constructively engaged in the debate about the introduction of a DRS to Scotland, making suggestions about how to minimise cost and disruption for the smallest businesses and the wider economy. I do hope you will be able to fully consider these suggestions.

I hope this contribution is helpful and, as always, I am more than happy to discuss any aspect of this in more detail.

Yours sincerely,

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Redacted, Federation of Small Businesses (FSB)